



Internal Revenue Service Small Business/Self-Employed Taxpayer Education and Communication

IRS Stakeholder Partners Headliners ...and more

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This e-mail is being sent to you for distribution to your organization's members. If you need further assistance please contact your local Taxpayer Education and Communication (TEC) office. The number is available in IRS Publication 3698A "Small Business/Self-Employed Taxpayer Education and Communication at a Glance", which can be found at [Taxpayer Education and Communication](#).

IRS Reduces Paperwork Burden on Small Businesses

Tax documentation constitutes the overwhelming majority of paperwork requirements for most small businesses. The IRS has found a way to reduce that burden on small businesses by allowing them to use record keeping based on their checkbook or cash receipts and disbursements journal instead of additional accounting methods solely for tax reporting.

Specifically, beginning in tax year 2002, companies with less than \$250,000 in gross receipts and less than \$250,000 in assets will no longer be required to complete Schedules L, M-1 and M-2 of Form 1120; Parts III and IV of Form 1120-A; and Schedules L and M-1 of Form 1120S. For larger companies, these schedules are necessary tools in the examination of corporate returns. However, for most small businesses, these schedules have limited application, and would likely not be prepared at all, were it not for tax reporting requirements.

IRS Commissioner Charles O. Rossotti estimates that, "These changes could save 2.6 million small businesses an estimated 61 million staff hours. This is significant staff time now spent preparing these forms. These changes will mean a significant financial savings for small businesses. This is part of an ongoing effort by the IRS to ease the burden on America's taxpayers wherever possible."

As noted by Senator Christopher "Kit" Bond of Missouri, this leaves small business with "more time and money to do what they do best – run successful small businesses and provide jobs in our communities."

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